

Message Text

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73

ORIGIN XMB-07

INFO OCT-01 ARA-16 ISO-00 EB-11 COME-00 AID-20 L-03

CIAE-00 INR-10 NSAE-00 RSC-01 TRSE-00 /069 R

66611

DRAFTED BY: EJO'CONNOR:XMB

APPROVED BY: EB/OCA/REP:LAKLIEFORTH

WGLICK:XMB

EB/IFD/ODF-EMLINTON

ARA/LA:JSLATTERY(INFO)

----- 001725

R 032138Z JUN 74

FM SECSTATE WASHDC

TO AMEMBASSY BRASILIA

INFO AMCONSUL RIO DE JANEIRO

AMCONSUL SAO PAULO

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E.O. 11652: GDS

TAGS: EFIN

REF: EMBTEL 3442

EXIMBANK PREPARED TO REVISE O'CONNOR'S LETTER TO CENTRAL BANK PRESIDENT, PAULO LIRA, TO ELIMINATE ANY INACCURACIES. HOWEVER, EXIMBANK UNDER IMPRESSION FROM PREVIOUS EMBASSY AND CONSULATE TELEGRAMS THAT, OVER THE PAST SEVERAL YEARS, SEVERAL BRAZILIAN INVESTMENT BANKS OR FINANCIAL GROUPS HAVE BEEN INTERVENED, WARNED, OR OTHERWISE REGULARIZED BY THE CENTRAL BANK. FOR EXAMPLE (1) SAO PAULO A-16, DATED MARCH 6, 1974, REGARDING THE AUDI GROUPS SUSPENSION FROM TRADING ON THE SAO PAULO STOCK EXCHANGE AND THE PROPOSED MERGER OF ITS BANCO ECONOMICO DE SAO PAULO AND (2) SAO PAULO 1263, DATED OCTOBER 13, 1972, REGARDING CENTRAL BANK INTERVENTION OF BANCO PORTUGUES DO BRASIL AND ITS WARNING TO BANCO MINEIRO DO OESTE TO DESIST FROM CERTAIN FINANCIAL PRACTICES.

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EXIMBANK AWARE OPEN CAPITAL PUBLIC CORPORATIONS, INCLUDING

FINANCIAL INSTITUTIONS, ARE REQUIRED TO HAVE THEIR ACCOUNTS
AUDITED BY INDEPENDENT PUBLIC ACCOUNTING FIRMS. HOWEVER, THE
THRUST OF PARAGRAPH THREE OF O'CONNOR'S LETTER REQUESTS
INFORMATION AS TO WHAT EXTENT THIS REQUIREMENT HAS BEEN ENFORCED
BY THE CENTRAL BANK. EXIMBANK HAS NOT REPEAT NOT BEEN RECEIV-
ING AUDITED FINANCIAL STATEMENTS FROM 21 OF 32 PRIVATE
BRAZILIAN INVESTMENT BANKS WHO ARE RECIPIENTS OF EXIMBANK CFF
LINES OF CREDIT. THIS DOES NOT INCLUDE 5 STATE DEVELOPMENT
BANKS AND BANCO DO BRASIL. EXIMBANK WILL REVISE LANGUAGE OF
O'CONNOR'S LETTER TO BROADEN STATEMENT TO QUOTE
CENTRAL BANK HAS INTERVENED, WARNED, OR OTHERWISE REGULARIZED
END QUOTE AND AIR POUCH LETTER TO EMBASSY FOR DELIVERY TO
PAULO LIRA. KISSINGER

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Message Attributes

Automatic Decaptioning: X
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Current Classification: UNCLASSIFIED
Concepts: CENTRAL BANK, INTERVENTION, BANKERS, AUDITS, INVESTORS
Control Number: n/a
Copy: SINGLE
Draft Date: 03 JUN 1974
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: cunninfx
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
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Drafter: EJO'CONNOR:XMB
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Handling Restrictions: n/a
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To: BRASILIA
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